

Meeting #5 Minutes - Task Force on Public Works

Met at Salmon Lake, April 17 & 18, 2000

Task Force Meeting on Public Works

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AGENDA (prior to meeting):

Main Topics: **Design-Build Delivery Method**
 Design Services Fees
 Design Services Contracts
 Procedure for Evaluation of A/E Services

April 17th

Opening Remarks & Introductions (Russ Katherman/Steve L'Heureux)	11:00-11:10
Review of Purpose of Task Force (Steve L'Heureux)	11:10-11:20
Review of Task Force Topics (Russ Katherman)	11:20-11:30
Open discussion of Task Force Direction	11:30-12:00
Lunch	12:00-1:00
Design-Build Delivery System	
A&E Division and Agency Input	1:00-1:30
MAGC Position (Russ Katherman)	
Design Profession Input	1:30-2:00
Future Direction in Montana	2:00-2:30
Procedure for Implementation (if desired)	2:30-3:00
Break	3:00-3:15
Contracts	3:15 - ?

April 18th

Professional Services Fees	8:00-10:00
Break	10:00-10:15
Procedure for Evaluation of A/E Services	10:15-11:00
Open Discussion	11:00-11:45
Set Direction and Time for Next Meeting	11:45-12:00
Adjournment	

ATTENDEES:

State:

Russ Katherman (A&E Division)
Jim Whaley (A&E Division)
Ralph DeCunzio (Military Affairs)
Kevin Krebsbach (UM)
Al Mulkey (UM)
Dick Mayer (Fish, Wildlife & Parks)

Private Sector:

Steve L'Heureux (L'Heureux Page Werner)
Toby Stapleton (JGA Architects)
Jim Baker (A&E Architects)
Keith Rupert (CTA Architects Engineers)
Jim Weatherly (WGM Group), Thursday only

MEETING MINUTES:

GOALS & CONCERNS:

Main Goal: to look at ways we can all work together better (Agencies/A&E Div/Consultants).

Approach to meeting Main Goal: maintain consistent Task Force meetings on various practices and issues.

Main Concern: continuity (because of diversity between each agency)

Approach to answering Main Concern: meet on regular basis, maintain measurable progress on issues, distribute results, receive comments.

TOPICS 'ON-TABLE' FOR DISCUSSION:

Topics from previous meetings needing discussion were grouped as follows to better address them.

CONTRACTUALLY-RELATED:

- Clauses (i.e. standardization)
- Selection Process for A&E services
- Retainage on Professional Services contracts
- Travel expenses
- Fees
- Evaluation of A/E Services
- Quality Control (document-related)
- E & O - quantifying risks
- Construction Administration services

STATE:

- CAD standards (affects consultants as well)
- Electronic Project Management system
- Electronic Bidding
- Delegation of projects to other agencies.

CONSTRUCTION:

- Different delivery methods
- Construction management
- Commissioning
- Design build
- Negotiation
- On-site representative

SPECIFIC TOPICS ADDRESSED AT THIS MEETING:

DESIGN BUILD (DB):

- Works off RFP
- Pros can be time savings (driving factor), cost savings
- Cons are (often) less value, less quality

Need to determine what the driving factor or motivation REALLY is for state projects

Pressure on A&E by some agencies to use DB because of some recent projects with major problems. U.S. is an anomaly for NOT using DB. Canada/Europe use DB

First necessary step toward using DB: **STANDARDIZE A DEFINITION**

A&E Division (Russ) and Toby Stapleton (JGA) will investigate current status of Design-Build methodology for report back to the Task Force around the end of May.

CONTRACTS:

Consensus: Are A&E contracts equitable? Overall, yes. Still have some open-ended "bugs" in verbage to work out. Contracts need better definition of some items and only A&E can resolve this.

Concern was expressed regarding compensation since fees and the contract are intimately tied together. Will be discussed later.

RETAINAGE:

Problem: It is unusual to hold retainage on professional services. Also, seeming lack of consistency per the auditors on the state's side.

This issue will require further talks with the Administrator of A&E.

Idea: Drop to 5% in all contracts. Project Manager will then have discretion to abolish completely or release at the completion of each phase of a project if services are satisfactory.

For auditing purposes, put milestones in contract to be accomplished (per phase) prior to payment of retainage.

COMMISSIONING:

Question was raised concerning design M/Es to do commissioning on the same project for which they provided the design.

Private sector (i.e. each project's specific design team members) feel we're cutting into their "pie" with paying for another firm to perform commissioning.

State requires Testing & Balancing services to be independent and is in process of removing T&B from all specifications and hiring separately.

Possibly need to standardize commissioning definition and guidelines for state. Will need to discuss with Ron Wilkinson (A&E Division).

State did not have major concerns regarding M/Es doing the commissioning work if they are willing to pick up the technical capacity, equipment and work with T&B contractor. Some points to consider will be the effects on design effort if the designer is also the commissioning agent as well as M/Es technical, in-the-field, hands-on controls and systems capabilities.

QUALITY CONTROL OF DOCUMENTS:

State's Problem: too many RFI's, change orders, errors and omissions. Increasing project costs, administration and problems.

Problem was broken into three categories: coordination between disciplines, quality of design, constructability.

Solutions were nearly all in the hands of consultants to address:

- consultants do better job of detailing designs
- better management by consultants
- schedule milestones with specified (consultants)
- better documents (not coordination problem, but mistakes)
- State set automatic percentage of the construction costs consultants will pay on every change order due to an omission (this is in addition to doing the design at no cost).
- State enforce design errors requiring consultants to pay.
- use Redi Check more often (coordination review, not a quality review)
- do not hire any consultants with a history of poor quality designs, large numbers of errors and omissions.
- preliminary layout of State's expectations to consultants/contractors

PROFESSIONAL FEES

- 2.3-2.8 multiplier is typical in this state
- methods of negotiation typically in use: % of CC, lump sum, level of effort, per phase
- standard of care is a major concern with State
- State (including agencies) need to set program and stick to it

Consultants feel fees are low due to cost of doing business in such a large state (travel expenses) and that fees haven't risen consistently over the years.

Negotiation will remain the standard M.O. for the time being

PROCEDURE FOR EVALUATION OF A&E SERVICES:

Thoughts on the new form:

- define terms/criteria of each evaluation category
- "Budget Control & Estimating" category needs to be added
- give flexibility for project-by-project basis, not a "10 Commandments" approach
- numerical value for categories was NOT popular
- form may be too formal; maybe use a "worksheet" format instead
- send form to design team at onset w/program packet or contract
- tie evaluation to pay request as a TICKLER only

Evaluations in general:

Consultants/Agencies feel it's better/easier to do a face-to-face evaluation; perhaps state A&E needs the forms for files, but agencies think it works better face-to-face or possibly done in a phone call at final acceptance. Make it a process per the Project Program and maintained by project manager. Project evaluation at post-construction meeting?

Suggestion: Evaluations need to be circular (contractor / consultant / arch / A&E Div) and will have to be written into contracts (at least most of them) to get many of the firms in the state to participate.

Summary: Evaluations at the end of each phase - using them first as a "trial" so there are no "teeth" to it (non-threatening) would work best.

OPEN DISCUSSION:

Post notes, action list and recap of meeting on the website.

Send a copy to Joann Harris, AIA secretary, 259-7300.

Make Delivery Method as main topic at next meeting due to fact it requires legislation.

Selection process – raise lower limit presently at \$250K for selection by a list of three. Possibly raise it to \$500,000.

Statute now at \$10K for hiring consult directly; A&E would like to raise it to \$25K

Consultants typically have \$4K-8K in a single interview.

Raise possibility of a 3-level selection: < \$500K direct list of 3; > \$500K to \$1 million phone interview at least; >\$500K a face-to-face interview after selection of a short-list through the current RFP process depending upon the type of project.

NEXT MEETING:

Needs to be directed toward legislative issues.

There may be legislation on prevailing wages and A&E enforcing them

Suggestion on future meetings: create interim format of email group and conference calls.

Another suggestion: get more ME's in attendance / someone with influence. Architects will do.

Looking at more of a game plan for next meeting rather than drafting new legislation (want alternative ways to do contracts--negotiation, design build, etc).

Telephone conference call Wednesday, May 24, 9:00 a.m. Possibly METNET--method to be determined.

SPECIFIC TASKS FOR NEXT MEETING (TENTATIVELY SCHEDULED FOR MAY 24TH):

- ❖ **Russ Katherman (A&E Division) & Toby Stapleton (JGA) will gather data on Design-Build definitions and methodology. Russ will collate and disseminate by e-mail if possible.**
- ❖ **Russ will contact Montana Contractors' Association to discuss alternate delivery methods with Mike Foster.**
- ❖ **Russ and Jim Whaley will discuss alteration of the lower limits of the selection process with Tom O'Connell.**
- ❖ **Russ and Jim Whaley will discuss alteration of retainage with Tom O'Connell.**
- ❖ **Consultants will look for mechanical/electrical consultants to participate in the Task Force since the State has many concerns with these two disciplines.**